

9 SEP 1981

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting at GSA on Generator Installation at Headquarters

1. On 17 August 1981, a meeting was held in the office of Mr. Walt Huber of GSA, to discuss Mr. Mariotti's letter of 27 July 1981 to [] relative to his intent to terminate contract [] on 18 September 1981. His letter suggested that we (CIA) were somehow revising the project indefinitely, and if we wished to continue this to completion we could do so under a new arrangement between ourselves and the contractor. Others in attendance at this meeting were Mr. Walt Huber, Mr. Steve Bolen, []

2. After Mr. Mariotti reiterated the substance of his letter, the undersigned reviewed the situation from the beginning whereby the firm of [] signed a contract to deliver a power system which would perform in a designated manner using existing installed equipment, new Government-furnished equipment, and new equipment to be provided by him. The contract drawings showed equipment locations, existing and new buried utilities, and required the contractor to provide drawings to show how the desired results were to be achieved. The Government was to provide existing as-built drawings, two new generators and a transformer with factory drawings, and was to provide shop drawing review under arrangement with the A&E who accomplished the design. Arrangements were made to have the switchgear procured sole source from [] who had been previously involved by Agency contract to update its drawings of the existing switchgear and control arrangement for this effort. Unfortunately, [] allegedly perceived that GSA might not award to them on a sole source basis due to pressure from its competition and thus offered a low bid "equipment only" package exclusive of any design or connection detail. [] opted for this cheaper package and came in with the low bid in the general contract. When this lack of interface coordination became apparent well into the job, [] was also on the verge of bankruptcy and in fact did file for reorganization under Title IV of the Bankruptcy Act. [] announced that it would not schedule any equipment for production without assurance of being paid and without complete design of its interconnections and control scheme by others. Faced with endless litigation with little chance for successful conclusion any other way, the Government allowed [] a way out

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by providing Agency assistance in controlling the interface connections. With this the job proceeded to the present state whereby we have four out of five generators performing successfully and by 18 September 1981 will be ready to test the fifth and final one. Note: Even if now forced into court, we at least have a substantially complete system.

3. After the above remarks by the undersigned, Mr. Mariotti remarked that the situation was not quite so simple and straightforward as stated, but that we should nevertheless attempt to reach an "end" to this contract, now almost two years past the originally established completion date. At this point, remarks by both Mr. Bolen and Mr. Huber indicated that neither wished for us to pull out without completing the job as originally contracted. In the ensuing dialogue it was established that we had made no changes to the original scope, but that since the system is so terribly complex it has been necessary to go carefully, test, revise if necessary, and proceed which has, by everybody's standards, taken a long time. It was also established that the project can be considered essentially complete when the remaining connections on unit 3G are completed. It was further agreed that the contractor would complete these connections by 18 September 1981, would attend the test whenever it could be arranged, would correct all the deficiencies and omissions listed, and would complete and turn over to the Agency all as-built drawings -- likely not by 18 September 1981, however. It was also agreed that if a reasonable amount of time beyond 18 September 1981 became necessary it would not be a critical factor, but that we would use that date as a target and strive toward it.

STAT 4. After this meeting, Chuck, Stan, and the undersigned discussed how to broach this rather arbitrary "finish or else" information to [] the HEB engineer on the job who by nature is careful, meticulous, and invariably not one to be pushed into something he is not ready to guarantee. The three of us convened in the contractor's trailer with [] and with some relief found him to be apparently comfortable with this schedule.

5. On 18 August 1981 Mr. Bolen called the undersigned and inquired if I was satisfied with the results of the above meeting. Replying that if my understanding that we would use 18 September 1981 as a target date to be ready to test, that all deficiencies

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and omissions would be corrected, and that correct as-built drawings would be forthcoming was correct, then I was satisfied. He assured me that my understanding was correct.

[REDACTED]
Deputy Chief, Real Estate and
Construction Division, OL

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